

Analysis Pt X Employee Welfare Through A Case Study Of Minimum Wage Demands

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Abstract

This study investigates the impact of minimum wage demands on employee welfare at PT X, where wages are currently below the provincial minimum wage. The objectives were to analyse the state of employee welfare, understand the implications of the wage demands, and explore the factors driving the demands. The objectives focused on providing insights to improve employee welfare and enhance industrial relations within the company. This study employed a descriptive qualitative research methodology, using semi-structured interviews and observation to collect data. The participants were long-term employees at the Cakung branch of PT X, selected through purposive sampling. This research aims to explore the relationship between minimum wage demands and employee well-being, providing in-depth insights into their experiences and perspectives on workplace conditions and compensation. Findings show that employees at PT X experience significant financial stress due to wages below the minimum wage, which impacts their overall well-being. Many employees reported difficulties in fulfilling basic needs, such as food and shelter. The study highlights a strong correlation between minimum wage demands and employee satisfaction, emphasising the need for improved compensation and working conditions. The study concludes that addressing minimum wage demands is critical to improving employee well-being at PT X. Recommendations include implementing a competitive wage structure, regular salary reviews, and fostering open communication between management and employees. By prioritising fair compensation and improving working conditions, PT X can increase employee satisfaction, productivity, and overall organisational performance.

Keyword: Welfare; Employee; Wages

1. Introduction

With growing awareness of workers' rights, employee welfare has become a significant focus for many companies, including PT X. Employees earning below the minimum wage face challenges meeting basic needs, affecting their physical and mental health as well as work motivation. Conversely, companies providing fair minimum wages are expected to enhance employee productivity and loyalty. Indonesia's current economic and social context has heightened demands for fair minimum wages. While government policies, such as the Provincial and District Minimum Wage (UMP and UMK), aim to protect workers' rights, implementation remains challenging, especially in certain sectors. In PT X, unmet minimum wage policies have led to dissatisfaction among employees, negatively affecting industrial relations.

Employee welfare is a critical factor directly impacting productivity and loyalty. In Indonesia, welfare issues often relate to fair wages, working conditions, and job security. At PT X, employees earn about IDR 2.5 million, significantly below Jakarta's UMP of IDR 4.9 million (Indosiber.id, 2023). This gap has fueled demands for higher wages, particularly following layoffs, which have further heightened employee uncertainty and dissatisfaction. Preliminary research shows that 65% of respondents feel their welfare is not adequately addressed by PT X, though 50% acknowledge wage improvements, possibly sufficient for single employees. According to employee interviews, recent policy changes stemmed from employee protests, prompting the management to address welfare concerns.

Research on employee welfare varies widely, such as Abduh (2022), who examined wage-setting models' effects on labor welfare, and Dwirainaningsih (2017), who explored the relationship between minimum wage policies and societal welfare. Building on these studies, this research aims to analyze the impact of minimum wage demands on employee welfare at PT X.

2. Literature Review

2.1 Definition of Employee Welfare

Employee welfare refers to a state where individuals feel secure, comfortable, and have their needs met in the workplace. According to Marnis & Priyono (2008), it encompasses physical, mental, emotional health, job satisfaction, and social interactions. Beyond financial aspects, welfare includes psychological, social, and environmental factors affecting employees' quality of life.

Key dimensions include:

1. **Physical Health:** Ensures employees can perform tasks without hindrance, supported by a safe work environment to prevent injuries.
2. **Mental Health:** Addresses emotional well-being, reducing stress and maintaining productivity amidst challenges.
3. **Job Satisfaction:** Influenced by pay, relationships, and growth opportunities, boosting motivation and loyalty.

Social Environment: Encourages positive interactions that foster collaboration and reduce stress.

Welfare directly impacts productivity, reducing absenteeism and turnover while enhancing motivation. At PT X, adequate wages are critical for basic needs. Meeting minimum wage

demands can significantly improve employee satisfaction and performance, emphasizing the need for corporate investment in welfare programs.

2.2 Minimum Wage

The minimum wage is the lowest salary standard set by the government to protect employees from exploitation. Under Indonesia's Labor Law No. 13 of 2003, it ensures workers can meet basic living needs, including wages and allowances to enhance welfare. This policy promotes social justice and worker well-being (Asmara et al., 2024). Employees earning minimum wage or above tend to have higher job satisfaction, motivation, and loyalty, enabling them to meet essential needs like food, housing, and education, positively impacting their physical and mental health (Rahmi & Riyanto, 2022).

Minimum wage demands often respond to shifting social and economic conditions. Inadequate wages can spark protests or disputes, straining industrial relations. Companies addressing these demands fairly foster harmony, productivity, and trust (Dewi, 2019). Transparent and fair wage policies build stronger management-worker relationships, reduce conflicts, and enhance satisfaction, mental health, and productivity (Nuryanti & Fauzan, 2021). Meeting minimum wage requirements is crucial for creating a supportive work environment.

2.3 Employee Welfare Demands

Employee demands for workplace welfare reflect their expectations for fair treatment and the fulfillment of basic needs. Welfare includes fair wages, health benefits, social security, and safe working conditions, along with facilities that support well-being (Izzaty & Sari, 2013).

1. Fair Wages

Employees seek wages aligned with minimum standards to meet daily needs. Adequate pay enhances job satisfaction and loyalty, while insufficient wages lead to feelings of neglect and demotivation (Suhartoyo, 2020).

2. Health Benefits

Access to healthcare, wellness programs, and sufficient sick leave boosts employee well-being and productivity. Companies offering comprehensive health benefits create healthier and more engaged teams (Izzaty & Sari, 2013).

3. Safe Working Conditions

Safe, supportive environments reduce stress and improve performance. Employees who feel secure at work are more productive and committed (Suheny et al., 2021).

4. Participation in Decision-Making

Employees value involvement in decisions affecting their welfare. Inclusive policies increase satisfaction, loyalty, and a sense of belonging (Hukum et al., 2023).

3. Material and Method

Researchers conducted their research at PT X at the Cakung branch. The time used by researchers in conducting observations at PT X in implementing Employee Welfare is starting on 3 September 2024.

3.1 Design Study

The research design employed is a descriptive qualitative approach, focusing on depicting phenomena at the study site. This method uses a journalistic perspective to answer questions of who, what, where, and how. Data collection involves semi-structured interviews, surveys, and observations (Kim et al., 2017).

Qualitative research aims to analyze events, attitudes, activities, and staff perceptions at PT X regarding electronic medical record implementation. Collected data includes visuals and text, representing actions, events, and specific locations.

1. Interview

In this study, researchers used open-ended interviews. An open-ended interview is a type of interview in which the questions have been made by the researcher and provide freedom for the informant to answer. Rokhamah et al. (2024). This provides an opportunity for informants to express their thoughts and feelings in their own words to be able to reveal answers.

2. Observation

Observation is a method of data collection that involves directly monitoring and recording events, behaviours, or phenomena in their natural context. In observation, the researcher actively observes and records what happens without changing or influencing the observed situation. Observation aims to provide a deeper understanding of the observed phenomenon or behaviour. By directly involving themselves in the original situation, researchers can explore details and context that may be difficult to access through other methods.

3. Dokumentation

Documentation is a data collection process that involves gathering and analysing information from various written or recorded sources. The main purpose of using documentation is to gain an in-depth understanding of the phenomenon under study or to support research findings with structured evidence.

3.2 Data Analysis

After Data analysis involves breaking down a research problem into parts to clarify its structure and meaning. It includes three general methods: text and language analysis, cultural theme analysis, and performance or experiential analysis (Helaluddin & Wijaya, 2019). In qualitative research, analysis starts from planning and continues throughout data collection and reporting.

This study employs Miles and Huberman's interactive model, involving:

1. **Data Reduction:** Summarizing and focusing on key points to identify patterns and themes, simplifying data for further analysis (Sugiyono, 2015).
2. **Data Display:** Presenting findings in narrative, diagrams, or flowcharts to enhance clarity and understanding (Miles & Huberman, 1984).
3. **Conclusion Drawing/Verification:** Reviewing preliminary conclusions with additional evidence to ensure accuracy, validity, and credibility (Sugiyono, 2015).

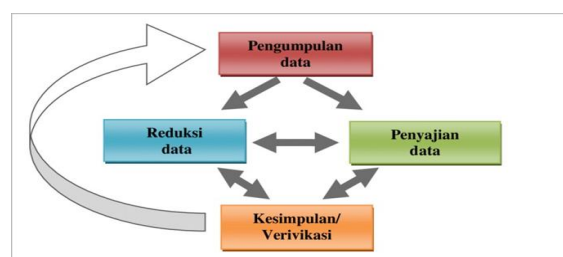


Figure 1 Data Analysis Components

(Source: Data processed by researchers (2024))

4. Result

4.1 Employee Welfare Condition

This research shows that employee welfare at PT X has experienced some improvements, especially in non-financial aspects, such as a supportive work environment and harmonious relationships between employees. However, overall, there is still significant dissatisfaction, especially in the financial aspect. The majority of employees feel that their salary is not enough to fulfil their basic daily needs, such as food, shelter, and family needs.

Interview results show that some employees: “In my opinion, my welfare is not fulfilled. With wages below the UMP, I often find it difficult to fulfil basic needs, such as paying rent and food expenses. Although the company provides good work facilities, it doesn't help much with my economic problems.”

In addition, employees' demands for a minimum wage increase are fuelled by the unfairness of the wage system and the increasingly difficult economic conditions. Employees expect the company to raise wages to the minimum wage, provide additional benefits, such as health and transportation programmes, and improve communication between management and employees to create better working relationships.

4.2 Minimum Wage Demands

This research shows that the demand for a minimum wage increase at PT X is driven by various main factors, namely the inadequacy of wages to meet basic needs, unfairness in the wage system, and increasingly difficult economic conditions. The majority of employees feel that their current wages do not reflect their workload and contribution to the company. This causes employees to experience difficulties in fulfilling their daily needs, such as food, housing, and children's education. This situation creates significant economic pressure and lowers employee motivation and job satisfaction. As one participant expressed:

“My main motivation is the inadequacy of wages to fulfil basic daily needs. With my current wage, I often find it difficult to meet the costs of food, rent, and children's needs. In addition, I feel that our contributions are not fairly valued by the company. A more decent wage would provide more security and motivation to work, and increase our productivity.”

This statement reflects the need for a wage system that is more transparent, fair, and in line with employee contributions. In addition, employees expect the company to improve their welfare through concrete measures such as wage increases in accordance with the UMP, provision of additional benefits (transport, meals, and health), annual bonuses, and education subsidies for employees' children.

4.3 Expectations for addressing welfare at PT X

The results show that PT X employees have strong expectations for future welfare improvements, particularly in the financial aspect and supporting facilities. Based on the interview, Participant A expressed his hope that the company can increase wages in accordance with the UMP and provide additional benefits, such as transport and meal allowances. In addition, health programmes such as insurance are also considered important to help employees meet their needs.

Participant A also emphasised the importance of companies to be more open in listening to employees' aspirations. This is expected to result in policies that are more relevant and able to fulfil the needs of employees as a whole. In general, these findings show that attention to

employee welfare, whether through increasing wages, providing benefits, or better communication, is needed. Companies need to take strategic steps to realise these employee expectations in order to create a more prosperous, productive and sustainable work environment in the future.

5. Discussion

5.1 Employee Welfare Condition of PT X

Based on interviews with PT X employees, although there are some positive aspects, employee welfare still faces some challenges, especially related to wages that are insufficient to fulfil basic needs. This creates dissatisfaction among most employees, who feel that the current wages received are not proportional to their contribution and workload. Research by Rahmi & Riyanto (2022) shows that an increase in minimum wage can increase employee motivation and productivity, which is also supported by the views of PT X employees, who hope that a more decent wage will improve their welfare and morale.

However, some employees also feel welfare in non-financial aspects, such as a supportive work environment and harmonious relationships with colleagues. This finding is in line with the research of Hukum et al. (2023), which states that effective minimum wage implementation not only improves financial well-being, but also affects job satisfaction and loyalty to the company.

5.2 Employee Demands Regarding Minimum Wage

PT X employees' demands for minimum wage, as seen in interviews, stem from dissatisfaction with the wages they are paid. Employees feel that the current wage does not reflect their workload and is not enough to fulfil their living needs, especially for those with families. This is consistent with research by Abduh (2022), which emphasises the importance of considering local factors, such as the cost of living, in setting minimum wages. PT X employees feel that an increase in minimum wage will provide a sense of security and increase their motivation, which in turn can contribute to increased productivity.

5.3 The Impact of Minimum Wage Demands on Employee Welfare at PT X

The impact of minimum wage demands on the welfare of PT X employees can be significant, with an increase in wages in line with decent living needs providing a sense of financial security for employees. This has the potential to increase their satisfaction, motivation and productivity. Research by Trimaya (2014) states that providing decent wages can create social justice and labour welfare, which in turn has a positive impact on productivity and overall company welfare.

However, this impact must be considered from the company's side as well. An increase in wages that is not matched by an increase in productivity or efficiency can become a large cost burden for the company. Therefore, companies need to maintain a balance between employee welfare and their business continuity. This is in line with the research of Gitacahyani et al. (2024), who emphasise that although wage increases can improve workers' welfare, their impact on industrial productivity is not always positive.

6. Conclusion, Implication, and Recommendation

Based on the results of the research and discussion that has been carried out, it can be concluded that employee welfare at PT X is influenced by several factors, especially the minimum wage received. Most employees feel that the wages received are currently inadequate to fulfil their basic needs, leading to dissatisfaction. An increase in minimum wage

is considered to improve employee welfare both financially and non-financially, by increasing motivation and work productivity. However, there are also non-financial factors, such as work environment and interpersonal relationships, that play a role in improving employee welfare. The demand for an increase in the minimum wage from employees at PT X reflects the need for social justice and rewards commensurate with their workload. Therefore, companies need to consider wage increases as a step to improve employee welfare and ultimately boost company productivity.

The results of this study strengthen previous findings conducted by Rahmi & Riyanto (2022), Hukum et al. (2023), Abduh (2022), Dewi (2019), Trimaya (2014), and Gitacahyani et al. (2024). These studies show that an appropriate minimum wage policy can improve employee welfare not only from a financial perspective, but also increase job satisfaction, motivation and loyalty. These findings underline the importance of considering employees' financial needs, as well as the impact on productivity and company sustainability.

Based on the results of the analysis, PT Baja Sarana Multi needs to evaluate the current minimum wage policy to better reflect the decent living needs of employees, especially for those who have family dependents. One of the steps that can be taken is to adjust wages based on the local cost of living to improve the financial well-being of employees. In addition, companies are advised to pay attention to non-financial aspects, such as creating a more supportive work environment and promoting harmonious relationships between employees. To reduce dissatisfaction and improve productivity, companies can conduct regular surveys to understand employee perceptions of wage policies and working conditions. In addition, management training and performance-based reward programmes can help improve employee motivation and loyalty, creating a balance between employee satisfaction and company sustainability.

The researcher provides the following recommendations for future research:

- 1). Future research should involve survey methods with a larger and more diverse number of respondents to provide a more representative picture.
- 2). It is recommended to conduct a mixed methods approach by combining in-depth interviews, quantitative surveys, and direct observation to obtain more comprehensive results.
- 3). Future research can expand the scope by comparing conditions in several companies to analyse the impact of minimum wages on employee welfare in various industrial sectors.
- 4). It is important to further explore the relationship between minimum wage and the balance between employee productivity and company sustainability, so as to provide more holistic policy recommendations.

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